



Best Practices 2000

U.S. Department of Housing and Urban Development

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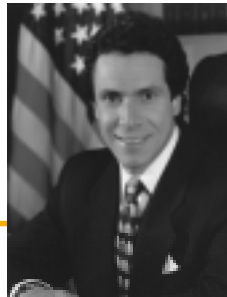
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Issue No. 3

Welcome to **Best Practices 2000**, the third of our Best Practices Newsletters. Beginning with this issue, we will share information about the exemplary professional practices of housing and community development practitioners across the country. Each newsletter will highlight the best practices of many of the 1999 "Best of the Best" award recipients, as well as areas dealing with HUD's policies and procedures for program oversight and other issues facing housing and community development

practitioners. In addition to the National newsletter, we will publish monthly newsletters highlighting best practices from each of the country's ten geographical areas. In this issue we will visit the Institute for Social and

Economic Development (I S E D) Microenterprise Development Program, a public-private part-



Secretary Andrew Cuomo

nership located in Sioux City, Iowa, that helps low-income individuals, welfare recipients, and immigrants start their own businesses and achieve economic self-sufficiency. A "microenterprise" is defined as a very small business employing from 1-5 people.

In sharing with you such examples of innovation and creativity, we hope that you will learn from and build upon the success of others in developing Best Practices in your community. ♦

Economic Self-Sufficiency Becomes A Reality

Sioux City, Iowa - Housing and community development service providers as well as a large segment of the business community have rallied together in Sioux City, Iowa, to provide a higher standard of living for low-income individuals, welfare recipients, and immigrants. However, it is not necessarily what has been accomplished at the Institute for Social and Economic Development (ISED) Microenterprise Development

"So far, our business retention levels have been pretty good. A couple of the businesses have experienced radical changes. One restaurant, The Manilla Grill, had so much business as caterers that they eventually decided to open the restaurant to large groups." The **Keys to Success** as applied by ISED/ Microenterprise Development are highlighted below:

Effective Techniques of Top Performers!

mitment. Accept deals that work for the community, not just for investors.

See **PRINCIPLES** page 2

Making It Work For You -- HUD's Performance Evaluation System

The ongoing monitoring of your programs and activities establishes the standards used to identify best practices throughout the year. We do not identify best practices just before the annual Best Practices and Technical Assistance Symposium, but rather throughout the year as we carry out our public trust responsibilities by monitoring, managing, and continually assessing the effectiveness of our programs and administrative functions. We do this using tools such as:

- Customer surveys
- Electronic data systems information
- Partner Annual Reports
- Audits
- Previous monitoring reports
- Information from other governmental entities



ISED Small Business Consultant Judy Campbell, (c) cuts the ribbon as the Sioux City Chamber of Commerce welcomes ISED to their new offices.

opment, but rather how such accomplishments were made possible.

What were the principles at work that fostered so much success that Abbie Gaffey, Microenterprise Development Project Coordinator can proudly state,

Guiding Principles Of Success

1. **Establish A Long Term Financing Strategy** - Initially, the City (Community Development Department) funded the start-up of the Program in 1995 with \$75,000 of Community Development Block Grant (CDBG) funds and made a three-year up-front commitment to pay for start-up costs. CDBG funds in the amount of \$75,000 in 1996; \$75,000 in 1997; \$50,000 in 1998; and \$50,000 in 1999 have been injected into the Program to provide this service to the community. The start-up period has ended, and the Program is now funded at \$50,000 per year. The right financing takes work. Financing a good deal takes time, money and com-

- Other internally shared information, such as:
 - Consolidated Plans;
 - Analysis of Impediments to Fair Housing Choice;
 - Real Estate Assessment Center reports;
 - Data from recipients;
 - Local knowledge.

We confirm our information by conducting site visits and reviewing electronic data. However, we're not yet finished! It is at this point that we apply our information against overall program, and specific activity, success factors, in order to judge performance. An important consideration in selecting success factors is ensuring that reporting systems provide necessary performance information regarding local participants. This results in a rating system that clearly identifies programs that are strong and can be nominated as best practices, as well as those that are weak and in need of more attention. All program performance analyses use five categories of information.



Microenterprise Development transformed an old funeral home into an assisted living center for the elderly

The five categories include:

- 1. Financial** - We evaluate the extent to which program participants account for and management financial resources in accordance with approved financial management standards.
- 2. Physical** - We evaluate the extent to which HUD-funded physical assets are being maintained and operated according to established standards.



(From l-r) Ron Sline, RCS Collectibles receives diploma from Sioux City Councilman Tony Drake upon graduation from Microenterprise Classes

- 3. Management** - We evaluate the extent to which program participants have the capacity, and are carrying out HUD programs according to established requirements.
- 4. Satisfaction** - We evaluate the extent to which clients express satisfaction or dissatisfaction with the delivery of program services.
- 5. Services** - We evaluate the extent to which program participants effectively and efficiently deliver services to intended beneficiaries/clientele.

Using these categories of information, together with specific program success factors, each of our programs issues National monitoring goals and priorities designed to enhance customer service and participant performance. Each of our local HUD offices then applies these National monitoring goals and priorities against the established rating system in order to rank all program participants within the jurisdiction and, as a result, develop local monitoring strategies and recommend best practice candidates. In developing local monitoring strategies, we look at strengths and weaknesses, estimate the level of weakness or risk, assess the frequency or likelihood of occurrence, and consider how best to strengthen performance. We may choose to strengthen the performance using best practice mentors to assist weaker participants or determine that closer on-site monitoring is necessary. ♦

PRINCIPLES continued from page 1

2. Accept Partnerships That Are Good For The Community -

Microenterprise Development is successful despite the fact that many odds are against their clientele. For example, Microenterprise Development works with a participant group that is under 80% of median family income. Many of the referrals come from the Job Training Partnership Act (JTPA) program under the Department of Labor. Other referrals are former welfare recipients or individuals who have gone on reduced benefits, etc. An intangible goal is the educational value these parties gain. Whether they are successful in their own business or not, they have gained skills and tools that may make them valuable employees to someone else. The Project Coordinator states, "We have given them an opportunity to explore alternative forms of employment." A successful program puts in place people who can deliver. Partnerships, including board members, should include people who produce, work hard, and are committed to the objectives of the program. Choose people who can and will contribute time, effort, and resources, not just those who are politically connected or have recognition.

3. Reap Results Through Training -

The Microenterprise Development Program emphasizes training as the glue that makes the Program work and the minority businesses successful. The Program provides three 13-week classroom sessions for low- and moderate-income persons and a full-time trainer working with the participants one-on-one. These classes are three-hours in duration one evening per week. While this is the current classroom structure, it can vary. Microenterprise Development sets as a goal, the development of eight business plans a year and eight business starts or expansions of existing businesses. Including training as a major aspect of your plan to build necessary skills is a powerful case for success.

4. Develop A Solid Curriculum -

ISED has developed a curriculum that is easy to understand without appearing to talk down to people. Another good source for a curriculum such as this one, includes the use of local community colleges, four-year colleges or universities. Often times, they make good subcontractors for a program such as this one. The hands-on curriculum includes skills assessments, personal financial skills training, budget management, realistic goal-setting techniques, business feasibility analysis, business management, financial packaging, business plan development, marketing and researching products and competition, legal requirements, and financing. If you are interested in obtaining a copy of the curriculum, you may contact Jason Friedman, Institute for Social and Economic Development, 1901 Broadway, Suite 313, Iowa City, IA, 52240, Telephone: (319) 338-2331; Fax (319) 338-5824.

5. Invest in Human Capital - This factor is essential in achieving sustained success. One-on-one counseling is also available outside the classroom setting, both during the training, and the development and operation of the new business. Once the participants have completed the 13-week training, they have developed their business and marketing plans, and then they are ready to go to the bank to seek financing. The trainer is not only available to help them prepare materials for their bank visits, but also goes with them to the meetings. Gaffey states that "a successful pro-



Jason Friedman, Vice President, Institute for Social & Economic Development and Judy Campbell, Small Business Consultant & Mgr. of ISED Sioux City office.

gram must include in the methodology, a comprehensive plan to move those persons affected, smoothly from existing state to the desired change."

6. Recruit In The Neighborhoods

You Serve – You should recruit from your minority population and from your social service providers. As a result of this strategy, the Program has had an enrollment of 171 low- and moderate-income individuals who developed 51 business plans and launched or expanded 28 small business. Some of the businesses developed include a landscape design company, a coffee house, a personal care products shop for people of color, a piano tuner, men's clothing, TV and VCR repair stores, a skate board shop, thrift shop, a Vietnamese restaurant, a martial arts school, an employment agency for people with disabilities, a tanning salon, and a used furniture and appliance store. Gaffey states that you should leverage diversity. If you are developing programs that are repli-

cable nation-wide, provide specific guidelines while allowing for adjustments based on such factors as geography, culture, and customs of a particular area.

7. Utilize Volunteers - "Use of volunteered local assistance means the Sioux City Microenterprise Development Program can get along on relatively little funding," says Gaffey. She states that "learning how to finance a new business is made easier by the fact that the training ISED provides to new entrepreneurs is supplemented by assistance from local institutions such as banks. We've had success having local people help. For example, Nations-Bank gave our trainees a weekend workshop on money management." This is significant because that support not only helps the trainees but also provides a comfort-level for bank officials. While the persons coming before them to apply for a loan may not look conventional, a support network has now been established, thus making the loan process less stressful for both parties involved.

8. Market Your Services – Market your results. Patronize your businesses! Microenterprise utilizes the services of one of the businesses to cater special events such as the office Christmas party.

9. Find A Good Subcontractor - Don't do this in-house. Most cities won't have all of the expertise to take on a project of this magnitude

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in-house. Often times, we are great at administration and not all that terrific in human services. This program is very human. It is very hands-on. Gaffey states that, "The trainers make an emotional investment in people. They really go out on a limb for them. Government workers aren't generally all that great at taking risks or making emotional investments."

Perhaps it is these principles at work in Sioux City, Iowa, that we can learn from and apply in our own communities to help launch best practices in housing and community development into the 21st century. ♦

(For further information, contact Abbie Gaffey, 712/279-6255).

Special thanks to Abbie Gaffey of the Microenterprise Development Program for her contributions to this newsletter.

The Building A Better Tomorrow HUD's Best Practices and Technical Assistance Forum Staff

Felicia Polk, Director

Francine Sutton, Editor

Terri Hawkins Swann, Distribution

Sandra Robinson, Design

Joseph F. Smith, General Deputy
Assistant Secretary for Administration

How To Contact Us
Best Practices HELP Desk - Just A Phone
Call Away 202/708-1992

Fax No. 202/708-2538

Newsletter Editor Telephone:
202/708-5088

Newsletter Editor e-mail address:
Francine_Sutton@hud.gov

Web Site Address:
<http://www.hud.gov/bestpractices.html>

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U.S. Department of Housing and Urban Development
Office of Management and Planning
409 Third Street, S.W., Suite 310
Washington, DC 20024.

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